



FORECLOSURE SALE 48 UNIT APARTMENT COMPLEX IN DENTON, TEXAS

FAIRHAVEN APARTMENTS

Is offered for sale at foreclosure.

Bids will be accepted orally on:
April 13, 2011
at 1:00 p.m. (local time)

Denton County Courts Building
Courtyard SW Corner
1450 E. McKinney Street
Denton, Texas 76209



OPEN HOUSE:

DATE: March 30, 2011

TIME: 10:00 am until 2:00 pm (local time)



U. S. Department of Housing and
Urban Development

HUD staff will be on site to answer questions.
This property is vacant and does NOT have
utility services, so those attending the
Open House are encouraged to bring
flashlights.

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ATTACHMENTS

- | | |
|---|---|
| <input checked="" type="checkbox"/> ATTACHMENT A - Property at a Glance
<input checked="" type="checkbox"/> ATTACHMENT B - Terms and Requirements of
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<input checked="" type="checkbox"/> ATTACHMENT C - Foreclosure Use Agreement
<input type="checkbox"/> ATTACHMENT D - Letter of Credit (LoC) Sample | <input checked="" type="checkbox"/> Attachment E – form HUD-9552 annotating the
existing conditions at the property. Furnished as
information only. |
|---|---|

PROCEDURES AND FORMS REQUIRED TO COMPLETE BID AND PURCHASE

New Procedure Requirements – Previous Participation Certification

Participants are now allowed the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. Bidders must comply with registration and 2530 requirements as outlined in ATTACHMENT B, TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER, Rider 1. For more information see Section 1 – Introduction and General Information, Section 2 – Previous Participation Certification and Section 4 – Submission of Post Bid Documents.

**THESE FORMS ARE AVAILABLE AT <http://www.hud.gov/offices/adm/hudclips/forms/>
OR CLICK ON THE URL BELOW TO OBTAIN THE FORM**

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://www.hud.gov/offices/adm/hudclips/forms/files/2530.pdf
<input type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://www.hud.gov/offices/adm/hudclips/forms/files/92417.pdf
<input type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD-935.2A) http://www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf
<input type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://www.hud.gov/offices/adm/hudclips/forms/files/9832.pdf
<input type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-a.pdf
OR <input type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-b.pdf
OR <input type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only http://www.hud.gov/offices/adm/hudclips/forms/files/9839-c.pdf

(Only one of these forms, 9839a, b or c, will be required for management certification.)

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **DEFINITION OF INVITATION FOR BID** - This document, including attachments, exhibits, and any amendment thereto, constitute the Invitation for Bid (Invitation) for Fairhaven Apartments, FHA Number; 112-SH009. PROPERTY AT A GLANCE, Attachment A to this Invitation, contains a summary of facts, figures, and most terms of the sale. This Invitation also includes **information concerning Previous Participation Certification (Form HUD-2530) requirements** and a list of the forms necessary to complete a responsive bid.
2. **BID RESPONSIVENESS** - A bid must be responsive to the terms of the sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the foreclosure sale are those set out in the Invitation for Bid, especially the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder (Acknowledgment) and Foreclosure Sale Use Agreement. Lack of earnest money deposit, as required by this Invitation, will be cause for bid rejection.
3. **SALE TO HIGHEST QUALIFIED BIDDER** - Sale of this project will be made to the highest responsive, qualified Bidder.
4. **NO REDEMPTION PERIOD** - This sale is not subject to redemption by the previous owner.
5. **BID ACCEPTANCE OR REJECTION** - HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any Bidder HUD determines lacks the experience, ability or financial responsibility needed to own the project and to provide management acceptable to HUD.
6. **CANCELLATION OF SALE** - HUD reserves the right to cancel this Invitation for Bid and/or reject any and all bids.
7. **BIDDER'S DUE DILIGENCE** - Bidders are encouraged to perform their own due diligence to gain a full understanding of the project and the conditions of sale before submitting a bid.
8. **POST-CLOSING REQUIRED REPAIRS** - There are no required repairs. Form HUD-9552 a, Post-closing Repair Requirements, and Exhibits, attachment E, to this Invitation is provided as information only. **NOTE:** The Form HUD-9552 and exhibits reflect **cost estimates before the additional vandalism since this estimate.**
While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.
9. **RECORDATION OF CERTAIN DOCUMENTS** - Attachment E, Post Closing Repair Requirements (Form HUD-9552) and attachments, if provided herein, and Attachment C, Use Agreement, with riders, if provided herein, will be recorded with the Deed.
10. **SOURCE FOR ADDITIONAL INFORMATION** - Should you need further information, please call the contact Gail Prater, Realty Specialist, at (817) 978-5803.

SECTION 2 -PREVIOUS PARTICIPATION CERTIFICATION

PREVIOUS PARTICIPATION FOR PARTICIPANTS IN THE MULTIFAMILY PROGRAMS- New Procedure Requirements - Participants in Multifamily foreclosure sales, either as purchasers or management agents (IF THE PROPERTY IS TO BE USED AS RENTAL HOUSING) are required to register in HUD's Active Partners Performance System (APPS) which allows for the electronic submission of Previous Participation Certification Form HUD-2530 on HUD's Secure Systems Internet site. **Registration is not mandatory in order to bid at the foreclosure sale. However, it is suggested that all potential bidders registering for the first time in APPS do so at least two weeks prior to the sale.** . Instructions for registering for both "Secure Systems" and APPS are located on the [Active Partners Performance System \(APPS\) web site](#).

Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

If the property is to be used as rental housing, be advised, that if a Management Agent will be participating in the management of the property, or if you are changing principals, adding principals, changing the name, or changing tax identification from information already recorded in APPS, **it is the high Bidder's responsibility to ensure that all participants register and complete the 2530 process within the prescribed time frames.**

Failure of any participant to submit a Previous Participation Certification (HUD Form 2530) or other required documents within the indicated time frame shall be grounds for rejection of the bid.

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL** - In order to submit a responsive bid to this Invitation, a Bidder must submit the items indicated in this Section, and the additional documents/items, as indicated in Section 4, Paragraphs 2 and 3.
2. **BIDDING AT THE FORECLOSURE SALE** -
 - (a) The foreclosure sale is an oral, open bid sale that takes place at the date, time and place indicated in the attached Property at a Glance.
 - (b) The Bidder must either:
 - (i) State a bid price orally at the sale, **or**
 - (ii) Submit a written bid to the person that conducts the sale two (2) business days before the date of sale.Written bids, if received, will be read aloud at the sale before oral bids are accepted. Only the person

that submitted the written bid, or an agent thereof may raise a written bid price. Please call the contact person indicated in Section 1, Paragraph 10 above, for details regarding submitting a written bid.

3. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE**

(a) Earnest Money Deposit:

- (i) The earnest money deposit, for not less than the amount specified in the Property at a Glance, must be submitted prior to presenting an oral or written bid.
- (ii) The deposit must be in the form of a money order, certified, cashier's or other banker's check payable to:
THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
- (iii) No other method of payment for the earnest money deposit is acceptable
- (iv) A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization.
- (v) Lack of proper deposit will be cause for rejection of the bid by HUD.
- (vi) Immediately following the sale, earnest money will be returned to those whose bids have been rejected.

(b) Acknowledgment - Immediately after the foreclosure sale has been completed, the high Bidder must submit **ONE** signed copy of the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder to the person that conducts the foreclosure sale.

- 4. **CORRECTIONS** - Any changes or erasures made to a written bid may be made by the Bidder only and must be initialed.
- 5. **TELEGRAPHIC OR FACSIMILE BIDS** - Telegraphic or facsimile bids and/or bid modifications will not be considered for award.
- 6. **VERBAL NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER** - The high and second high Bidder will be notified verbally of their bidding positions by the person that conducts the foreclosure sale immediately after the foreclosure sale is completed.
- 7. **REJECTION OF LOWER BIDS** - All bids, other than the high bid and second high bid, will be rejected verbally at the foreclosure sale by the person that conducts the foreclosure sale.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

- 1. **CONTINUATION OF OFFERS** - The high bid shall be deemed to be a continuing offer from the time of the foreclosure sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Foreclosure Sale Use Agreement or until thirty (30) days after the foreclosure sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired.

2. **SUBMISSION OF POST-BID DOCUMENTS**

➤ **TWO (2) DAYS AFTER FORECLOSURE SALE (FEDERAL GOVERNMENT BUSINESS DAYS) -**

(a) **Previous Participation Certification:**

(i) **Electronic filing - APPS and Secure Systems (e2530)**

- a. **Bidders not registered in APPS and Secure Systems:** The high Bidder must register in the **Active Partners Performance System (APPS)**, which allows for the electronic submission of Previous Participation Certification (e2530), **and** the HUD's Multifamily Secure Systems **not later than two (2) Federal Government business days** after being verbally notified at the foreclosure sale of being the high Bidder. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions,
- b. **Bidders previously registered in APPS and Secure Systems:** The high Bidder must enter the APPS system and print a copy of the Participant Detail page. That copy must be faxed to the Realty Specialist at (817) 978-6019.

(ii) **Paper Filing - not later than two (2) Federal Government business days** after being verbally notified at the foreclosure sale of being the high Bidder, the following must be submitted:

- a. **Form HUD 2530** - The completed paper Form HUD-2530s, with original signatures, for the purchasing entity and all principals must be received in the Fort Worth HUD office. **Only existing entities with tax identification numbers will be accepted.** A "to be formed" entry will not be accepted.
- b. **Organizational Chart** - an organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership.

(b) **Certification of Substantial Compliance** - the **complete and original** (Attachment F) must be received in the Fort Worth HUD office within 2 days of the foreclosure sale date.

- **FIVE (5) DAYS AFTER FORECLOSURE SALE - (FEDERAL GOVERNMENT BUSINESS DAYS) If the property is to be used as rental housing**, Not later than five (5) Federal Government business days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit a Written Statement of Experience as required below in paragraph 3.
- **TEN (10) DAYS AFTER FORECLOSURE SALE - (FEDERAL GOVERNMENT BUSINESS DAYS)** Not later than ten (10) Federal Government business days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit additional information to the contact person listed above in Section 1, Paragraph 10.

<input type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD 935.2A)
<input checked="" type="checkbox"/>	Form HUD- 2530 for Purchasing Entity, if different from bidding entity, See Section 2 for procedure

<input checked="" type="checkbox"/>	Paper Form HUD- 2530 for the Managing Agent (IF TO BE USED AS RENTAL HOUSING), or submission of the "Participation Detail" page evidencing prior registration in APPS, or the "Participant Successfully Registered" page establishing the Management Agent's initial registration in APPS.
<input type="checkbox"/>	Personal Financial and Credit Statement (Form HUD 92417)-for each proposed principal/general partner
<input type="checkbox"/>	Management Entity Profile (Form HUD 9832)
<input type="checkbox"/>	Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A):
OR <input type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839 B):
OR <input type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only)
	(Only one of these forms will be required for management certification.)

- **FIFTEEN (15) DAYS AFTER FORECLOSURE SALE** – If the Management Agent (IF THE PROPERTY IS TO BE USED AS RENTAL HOUSING) or the High Bidder (owning entity) elected to file the required Form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within 15 days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-6019. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

2. QUALIFICATION, ACCEPTANCE, REJECTION OF BID

(a) Required Bidder Qualifications to Purchase Property:

If the property is to be used as rental housing this subsection (a) applies. It is the objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable housing resources. To accomplish this objective, the Department will only permit a bidder to acquire a property from HUD's foreclosure sale who has the financial capacity and generally 5 years of demonstrated experience in successfully owning and managing distressed and troubled multifamily properties as viable, low-income housing resources.

The Department will evaluate, starting with the highest bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Property based on the submission of the documentation described below, any other information independently verified by HUD and any other information required by the Bid Kit. The documentation must demonstrate that the bidder owns and is successfully managing and operating properties of similar size and characteristics (including problematic complexities) as the Property being sold. The documentation will be used to determine whether the bidder has the required demonstrated experience and financial capacity to acquire and successfully transform the Property into a long-term, viable affordable housing resource. HUD shall, in its sole discretion, accept or reject any bid submitted in the sale of the Property. The review and approval of the Previous Participation Certification (form HUD-2530) is required for the purchase of the Property. However, Previous Participation Certification approval is only a threshold to HUD's review and potential approval of all other required documentation.

All of the following required documentation must be submitted to HUD within five (5) Federal Government business days of the date of the foreclosure sale if the property is to be used as rental housing.

Required Documentation:

Written Statement of Experience: Bidder must submit a written statement demonstrating generally five (5) years of experience in successfully owning and managing properties similar to the property being sold. The statement shall provide the following information for all similar properties to the property being sold, not to exceed three (3) specific examples. The written statement should not exceed five (5) pages per property.

- The location of other owned multifamily properties.
- The number of units and construction type (garden, walk-up, hi-rise) for each property.
- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.
- Identify the social needs of each property and how they were addressed.
- Identify the economic needs of each property and how they were addressed.

For the Property being sold, provide the following documentation:

- Describe how bidder will satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
- Describe how bidder will implement a sound financial and physical management program for the Property.
- Describe bidder's methods for responding to the needs of the tenants and working cooperatively

with resident organizations.

- Describe how bidder will provide adequate organizational staff and financial resources to the property.
- Provide statement of services, maintenance and utilities which bidder will provide to property.
- Provide a statement disclosing whether other government assistance will be utilized in conjunction with the Section 8 assistance if HUD is providing project-based Section 8.

Based on the required documentation set forth above, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Property. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Property, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation to Bid.

In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of the bid and supporting documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications or financial capacity to successfully own and operate the Property, or omitted a material fact(s), HUD will retain the bidder's earnest money deposit as liquidated damages and may seek any and all additional available remedies.

HUD may require the high Bidder to obtain the services of a qualified property management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to closing.

- (i) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.
- (b) HUD will review all post bid documents to determine, in its sole discretion, if the high Bidder has demonstrated the capacity to own and operate the property in accordance with the standards set by HUD. HUD may require the high Bidder to obtain the services of a qualified property management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to closing.
- (iii) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
 - (iv) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.
- (c) If HUD rejects the high Bidder, and HUD elects to contact the second high bidder, the second high Bidder will be given twenty-four (24) hours to submit the earnest money deposit and will be reviewed to determine if qualified to purchase the project.
- (i) If HUD approves the second high Bidder as being qualified, second high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the second high bid is rejected due to HUD's determination that the second high Bidder is not qualified to purchase the project, HUD will notify the second high Bidder in writing.
- (d) HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual indicated in the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder.
- (e) The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the foreclosure sale.

4. HANDLING OF THE EARNEST MONEY DEPOSIT

- (a) The earnest money deposit of the high Bidder will be held by HUD. If HUD determines the high bid/Bidder to be acceptable and the high Bidder complies with the provisions outlined in Attachment B, the earnest money deposit will be applied to the sales price at closing. If HUD does not accept the high bid, the high Bidder's earnest money deposit will be refunded, unless Bidder has failed to comply with the provisions outlined in Attachment B, Acknowledgement by Bidder, Rider 1, "Previous Participation Certification and Submission of Documents Prior to Closing".
- (b) Interest will not be paid on earnest money deposits.

5. REVIEW OF PROJECT MANAGEMENT - HUD will review the Previous Participation Certification (form HUD-2530) submitted by the proposed management entity and as required by Rider 1 to the Acknowledgement by Bidder (Attachment B). HUD may elect to discuss project management plans after submission of the post-bid documents by the high Bidder. HUD reserves the right to reject the bid of any Bidder and retain the Earnest Money Deposit, if the Bidder does not provide management acceptable to HUD.

6. CLOSING DATE REQUIREMENT - The closing date will take place within the time period specified, in accordance with the Acknowledgment, Attachment B.

7. EXTENSION OF CLOSING - The right to extend the sales closing is expressly reserved by HUD as set forth in the Acknowledgment, Attachment B.

SECTION 5 - CLOSING

1. EXECUTION OF USE AGREEMENT - The Bidder must execute Attachment C, "Foreclosure Sale Use Agreement," at closing. HUD will have the Foreclosure Commissioner's Deed, Use Agreement and all attachments recorded

2. **CLOSING DATE AND PLACE** - The closing date and place shall be as determined by the person that conducts the foreclosure sale and/or HUD. The Bidder will be notified of said date and place by the person conducting the foreclosure sale.
3. **CASH DUE AT CLOSING** - Cash due at closing is the remainder of the purchase price less the earnest money deposit received, plus or minus any prorations, if any. Cash due at closing includes all initial deposits to reserve accounts, if applicable.
4. **PRORATIONS** - There will be no prorations except for the proration of property taxes prepaid by HUD, if any. High bidder is responsible for paying all outstanding property taxes and utility bills including, but not limited to, water/sewer, gas, electric, etc, as well as any other liens/assessments encumbering the property not extinguished by the foreclosure sale action.
5. **CLOSING EXPENSES** - Irrespective of local custom, the Bidder shall pay all closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance as may be requested by the Bidder. HUD will pay recording fees for the transfer of title and recordation of the Use Agreement.
6. **METHOD OF PAYMENT** - Cash due at closing shall be paid in the form of a money order, certified, cashier's or other bank check made payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**, in accordance with the Acknowledgment, Attachment B.
8. **CONVEYANCE** - Conveyance of the project shall be by Foreclosure Sale Deed.
9. **RECORDATION OF DEED** - HUD shall record the Deed and all other recordable documents. All recordation costs for the transfer of title and the Use Agreement shall be at the expense of HUD.
10. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING**
☒ **Foreclosure Sale Use Agreement** ☐ **Letter(s) of Credit** ☒ **Closing Statement**
☐ **Other:**

SECTION 6 – DISCLAIMERS

1. **DISCLAIMER**
 - (a) Bidders interested in purchasing this project are expected to acquaint themselves with the property, and to arrive at their own conclusions as to; physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the property. Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation for Bid and in any Addendum hereof.
 - (b) While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS** - Any oral statement or representation by any representative of HUD changing or supplementing this Invitation for Bid or Addendum hereof, or any condition hereof, is unauthorized and shall confer no right upon the Bidder (Purchaser).
3. **HUD LIABILITY** - In any case, with respect to any claim against HUD, the extreme measure of HUD's liability shall not, in any event, exceed refund of the purchase price, or such portion thereof as HUD may have received.



Property at a Glance

Fairhaven Apartments

FHA#: 112-SH009

ADDRESS: **2400 N. Bell Avenue**
Denton, TX 76209
COUNTY: **Denton**

EARNEST MONEY: **\$25,000**
LETTER OF CREDIT: **\$0**

SALES PRICE: **Unstated Minimum**
TERMS: **All Cash, As Is, 30 days to close**
SALE TYPE: **Foreclosure**

PROPERTY INFORMATION

Total Units		Residential	Commercial	Foundation:	Concrete Pier Beams	
48		Revenue 48		Roof:	Build Up	
		Non-Revenue		Exterior:	Brick	
Floors/Finish:				Concrete/Carpet/Tile		

Elevator	Garden	Walk-up	Townhouse	Scattered Sites	Service Center	Mobile Home Park	Nursing Home	Other:
								Assisted Living Type Units

Number of Buildings	Stories	Year Built	Rehab Year	Approximate Site Acreage	Approximate Net Rentable Area
2	1	1965		3.3 Acres	30,824

Mechanical Systems		Utilities		Parking	
Heating:	Air Conditioning	Public Water	X	Street	Concrete
Fuel Electric	Conditioning	Gas Main	X	Curb	Concrete
System Central	Windows Common Areas	Electric	X	Sidewalk	Concrete
Hot Water:	No AC in Units	Sanitary Sewer	X	Parking Lot	Asphalt
Fuel Gas		Storm Sewer		Parking Spaces	32
System Central		Septic Tank			

Apartment Features		Community Features		Owner Expense		Tenant Expense	
X	Air Conditioning		Garage	Water			
	Dishwasher		Covered Parking	Electricity			
	Microwave	X	Laundry Facility	Gas			
	Garbage Disposal	X	Cable/Sat Hookup	Refuse			
	Refrigerator		Playground	Air Conditioning			
	Range/Oven		Pool	Blinds			
X	Drapes/Blinds	X	Community Space	Carpet/Vinyl			

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
V	A	C	A	N	T							

ESTIMATED ANNUAL RENTAL INCOME:

Number of Units	Type	Approx Square Feet	Current Rent	Estimated /Possible After Sale Rent	Estimated /Possible Total After Sale Rent	Total Estimated/Possible Annual Income	
33	1BR		Vacant	Vacant	Vacant	Rent	NA
15	1BR		Vacant	Vacant	Vacant	Commercial	
						Parking	
						TOTAL	
						Estimated Annual Expenses	
						Administrative	
						Utilities	
						Operating	
						Taxes/Insurance	
						Reserve/Replace	
TOTAL MONTHLY					NA	TOTAL	NA

COMMENTS CONCERNING PROPERTY INFORMATION:

- THIS IS AN "ALL CASH" – "AS IS" SALE. IT WILL BE THE PURCHASER'S DETERMINATION FOR THE FUTURE USE OF THE LAND AND BUILDINGS, or demolition and use of the land.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

No Project-based or tenant-based Section 8 rental assistance is being offered in this sale.

USE RESTRICTIONS: SEE RIDER 3 OF 5, Nondiscrimination Against Certificate Holders and Voucher Holders (if property is to be used as Rental Housing)

Future use of property must meet state, local, and EPA requirements.

TERMS OF SALE

1. Property is offered for sale "all cash" – "as is;" property use to be determined by purchaser.
2. Closing is to be held 30 days after HUD accepts the bid. If HUD authorizes an extension of the closing, the purchaser must pay a fee which is the greater of 1.5% of the purchase price or HUD's holding costs of \$22.85 per unit per day for each 30 day period.
3. Attachment C, Use Agreement with the following riders will be recorded with the deed: **Asbestos Hazards, Lead Based Paint Hazards, Nondiscrimination Against Multifamily Section 8 Certificate and Voucher Holders, Mold Hazards, and Existing Hazardous Substances-Demolition Activities.**

NOTICE: Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588.

For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

This is an "All Cash – As Is" sale. HUD is providing no financing for this sale. The purchaser must provide for payment of the full purchase price in cash at closing.

Submission of Bids: Bids for this property can only be considered for acceptance if submitted on the specific forms listed in the Bid Kit for this property, along with required earnest money. A Bid Kit may be obtained as indicated below.

Suspended or Debarred Parties: No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. AS PROVIDED FOR IN 24 CFR, SEC. 27, THE DEFAULTING MORTGAGOR, OR ANY PRINCIPAL, SUCCESSOR, AFFILIATE, OR ASSIGNEE ON THE MORTGAGE AT THE TIME OF DEFAULT SHALL NOT BE ELIGIBLE TO BID ON OR OTHERWISE PURCHASE THIS PROPERTY. (Principal and Affiliate are defined at 24 CFR 24.905.)

INSPECTION OF PROPERTY AND BIDDING INSTRUCTIONS

Prospective bidders should contact the owners to inspect the property prior to submitting a bid. If this is a foreclosure sale, HUD may not have access to the property. Bids for this property can only be considered if properly submitted by following the bidding instructions provided in the FREE INFORMATION and BID KIT.

The FREE INFORMATION and BID KIT may be viewed or printed at <http://www.hud.gov/offices/hsg/mfh/pd/multifam.cfm>. You may also sign up for our electronic mailing list at this web address. If you do not have access to the internet or cannot download a PDF file, you may obtain a bid kit by calling (817) 978-5557, or faxing (817) 978-6019, or by email to gail.prater@hud.gov.

BIDS for Fairhaven Apartments

MUST BE PRESENTED ON:

April 13, 2011

at 1:00 p.m. (local time)

at: Denton County Courts Building
Courtyard SW Corner
1450 E. McKinney Street
Denton, TX 76209

HUD OFFICE:

U. S. Dept of Housing and
Urban Development
Multifamily PD Center
801 Cherry Str., Unit #45, Ste. 2500
Fort Worth, TX 76102

REALTY SPECIALIST:

Gail Prater
Phone : (817) 978-5803
Gail.prater@hud.gov

OPEN HOUSE:

DATE: March 30, 2011

TIME: 10:00 am until 2:00 pm (local time)

HUD staff will be on site to answer questions. This property is vacant and does NOT have utility services, so those attending the Open House are encouraged to bring flashlights.

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "Bidder") submits a bid of dollars (\$) _____ at the foreclosure sale of Fairhaven Apartments (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. \$ 25,000 in the form of a money order, cashier's or other bank check, as earnest money, which has been paid at the foreclosure sale to the person that conducts the foreclosure sale, and which shall not earn interest (the "Deposit"), **and**
2. \$ _____ the balance, to be paid by the Bidder at Closing, in the form of a money order, certified, cashier's or other banker's check in accordance with this Acknowledgment. The Closing will be held at a place, date and time established in accordance with Part II, paragraph 5 below (the "Closing").
3. In addition to the above, the Bidder will be required to pay at Closing all closing costs, regardless of local custom, and, where applicable, other deposits to reserve and/or letters of credit as described in Riders incorporated herein, the Invitation for Bid (Invitation), and the Foreclosure Sale Use Agreement (Use Agreement).

PART II

If selected as the high Bidder at or after the foreclosure sale, the Bidder, by executing this document (the "Acknowledgment"), acknowledges that the Bidder must comply with the following requirements as a condition to purchasing the Project:

1. **ACKNOWLEDGMENT OF TERMS** - Bidder affirms to have full knowledge of the all terms, conditions and requirements contained in this Acknowledgment and documents referred to herein, the invitation and Attachments, and the Notice of Default and Foreclosure Sale. Bidder must execute this document.
2. **EXECUTION OF USE AGREEMENT** - At Closing, Bidder will, in addition to any other documents, execute the Foreclosure Sale Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation to Bid. Such documents will control the use of the Project for a specified period and will be recorded with the Deed and run with the land.
4. **PREVIOUS PARTICIPATION CERTIFICATION** -
 - (a) **Two Days following Foreclosure Sale:** The high Bidder must submit **within two** (2) Federal Government business days of the foreclosure sale either;
 - (i) a completed paper form HUD-2530 with original signatures for the purchasing entity and all principals (see Section 4, paragraph 2 of the Invitation for Bid for complete instructions.), **or**
 - (ii) certification to HUD that the Bidder has registered in APPS and Secure Systems. This certification can be in the form of a copy of the Participant Successfully Registered page from the APPS system **and** a copy of the Multifamily Coordinator and User Registration page from Secure Systems **or** a copy of the Participant Detail page (see APPS User Guide-Industry, Chapter 16, for printing instructions). The high Bidder is also responsible for submitting any changes necessary for principals, tax ID, and ownership in the APPS system. (see Section 4, paragraph 2 or the Invitation for Bid for complete instructions.)
 - (b) **Fifteen Days following Foreclosure Sale:** If the Management Agent (IF THE PROPERTY IS TO BE USED AS RENTAL HOUSING) or the High Bidder (owning entity) elected to file the required form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within fifteen (15) Federal Government business days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-6019 (see APPS User Guide-Industry, Chapter 16, for printing instructions). Please refer to Section 4, paragraph 2 of the Invitation for Bid for complete instructions.
5. **ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE**
 - (a) Time is of the essence.
 - (b) HUD will notify the Bidder and the person conducting the foreclosure sale (the "Foreclosure Official") after HUD determines that the Bidder is eligible to purchase the property. The eligibility may be conditioned upon the Bidder obtaining HUD approval of a professional management firm to operate the property, prior to closing. Approval to purchase is subject to review and approval of Bidders written statements and HUD forms as required for purchase in the Invitation for Bid, Section 4, Post Foreclosure Sale Procedures, paragraphs 2, 3, and 5, and in Attachment B, Terms and Requirements of Foreclosure Sale, Acknowledgement by Bidder, specifically the Rider "Submission of Documents Prior to Closing". The Foreclosure Official will establish a time and date for the Closing. The Closing **shall be within thirty (30) days of such notification**, unless extended pursuant to paragraph 9.
 - (c) The Closing will take place at the HUD office stated in the Invitation or at such other place as may be agreed upon between HUD and the Foreclosure Official.
6. **CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION**
 - (a) The sale shall be effective upon Closing.
 - (b) Bidder (Purchaser) shall pay all closing costs and expenses, excluding fees for the transfer of title and recordation of the Use Agreement, irrespective of local custom.
 - (c) Transfer of title to and possession of the Property shall become effective as of the Closing.
7. **PAYMENT OF PURCHASE PRICE AT CLOSING** - The Bidder (Purchaser) shall pay the balance at Closing in the form of a cashier's or other bank check made out to:

THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Closing will be held at a place, date and time established in accordance with paragraph 5 above.

8. LIQUIDATED DAMAGES - Should Bidder fail or refuse to perform all obligations under this Acknowledgement for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in paragraph 5, the earnest money deposit and any extension fees, paid under paragraph 9, shall be remitted to and retained by HUD as liquidated damages.
9. EXTENSION FEES – Extensions of time to close the sale are within HUD's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
 - (a) A written request for an extension must be received at the HUD office located at: Department of Housing and Urban Development, Fort Worth Multifamily PD Center, 801 Cherry Street, Unit #45, Ste. 2500, Ft. Worth, TX 76102 within ~~fifteen~~ (15) Federal Government business days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Bidder's inability to close the sale within the initial period or any extended period.
 - (b) Extensions shall be for thirty (30) calendar days.
 - (c) For each thirty (30) day period requested by Bidder and approved by HUD, extension fees shall be equal to **\$ 22.85**, per unit, per day, which is **\$ 1,096.80** daily, a cost of **\$ 32,904.00**, which covers the 30-day period (the holding cost for such period) or one and one-half percent (1.5%) of the purchase price, whichever is greater.
 - (d) These fees shall be retained by HUD and shall not be credited to the amount due from Bidder at Closing. However, if Bidder closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Bidder at Closing.
 - (e) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - (f) If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
 - (g) Extension Fees must be submitted by money order, certified, cashier's or other bank check acceptable to HUD.

10. BIDDER RESTRICTIONS

- (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this sale, or to any benefit arising from it. However, this provision does not apply to this sale to the extent that this sale is made with a corporation for the corporation's general benefit.
- (b) If Bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to closing, this sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after Bidder's execution of this Acknowledgment, any extension fees paid under paragraph 9 shall be retained by HUD as liquidated damages.
- (c) Pursuant to 24 CFR Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the property being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 CFR 24.105.

11. AS-IS SALE; NO REPRESENTATIONS

- (a) Bidder shall accept the Property "as is." HUD makes no representations or warranties concerning the physical condition of the Property. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property.
- (b) Bidder acknowledges that the purchase price set forth in this Acknowledgment is based on Bidder's evaluation of the project and not upon any representations by HUD. Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this sale or for the return of any extension fees paid pursuant to paragraph 9.

12. RISK OF LOSS AND RIGHTS OF RESCISSION - In the event of any substantial damage to the Project prior to closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the Bidder for a reduction in the sales price corresponding to the estimated amount of damages. Such damages shall be estimated on a Post-Closing Repair Requirement, form HUD-9552 and attached to the Use Agreement. If HUD and the Bidder are unable to agree on the amount by which the purchase price should be reduced or on the amendment to the repair requirements, Bidder may withdraw the bid, in which case HUD will direct the return of the earnest money deposit and any extension fee(s) will be returned.

13. PRORATIONS

- (a) Except, as set forth in paragraph (b) below, there will be no prorations at Closing. The Bidder will be responsible **not only** for those expenses incurred at the Project after Closing, but also expenses which may be due and payable at the time of Closing. *Please note that expenses after closing may be inclusive of prior or unpaid services for utilities, assessments and/or liens which are not extinguished by the foreclosure actions. Prospective purchasers are required to determine outstanding expense/assessments/liens as part of their due diligence and take those outstanding expenses into consideration when submitting bids..*
- (b) At Closing, the Bidder will pay the Foreclosure Official a prorata share of any property taxes on the Project which have been previously paid for by HUD for a period of time ending after the date of Closing. The Bidder will be responsible for paying in full, all taxes.
- (c) No later than fifteen (15) calendar days before Closing, HUD will notify the Bidder of the amount the Bidder is to pay the Foreclosure Official as the prorata share of taxes.

14. SECURITY DEPOSITS - APPLICATION AS CHECKED:

Notwithstanding State or local law, the Bidder will receive only those security deposits which are on hand at Project on the date of Closing. The Bidder will assume all liability under State and local law with respect to deposits.

15. LIMITATION OF LIABILITY - Notwithstanding any other provisions of this sale, HUD's liability shall not exceed the amount of funds paid by Bidder to HUD and/or the Foreclosure Official hereunder.

16. ANTI-COLLUSION CERTIFICATION

- (a) The Bidder certifies:
 - (i) The bid price in this offer has been arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other Bidder relating to:
 - a. the bid price;
 - b. the intention to submit a bid price; **or**
 - c. the methods or factors used in calculating the bid price offered;
 - (ii) The bid price in this offer has not been and will not be knowingly disclosed by the Bidder, directly or indirectly, to any other Bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
 - (iii) No attempt has been made or will be made by the Bidder to induce any other Bidder to submit or not to submit a bid price for the purpose of restricting competition.
- (b) If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
 - (i) Is the person in the Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph (a) above; **or**
 - (ii) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph (a), above;

Name: _____

Title: _____

Organization responsible
or determining price _____

- a. As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph (a) above; and
- b. As agent, has not personally participated, and will not participate, in any action contrary to paragraph (a) above.

17. FAILURE TO COMPLY - Upon the failure or refusal of the Bidder to comply with any of the requirements listed above, HUD may declare the Bidder ineligible to purchase the Project, in which case Bidder shall forfeit the earnest money deposit and any extension fees paid.

18. SEVERABILITY - If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.

19. FORMS - All forms and instruments referred to in this Acknowledgment are the standard Form HUD and instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by the Invitation for Bid or Request for Proposals.

21. EXECUTION

- (a) By signature below, Bidder indicates acknowledgment of and agreement to the terms and requirements of this foreclosure sale.
- (b) In the case of a bid submitted by an agent or representative of the Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the _____ day of _____, 20____.

Witness:_____

Typed Name:_____

By:_____

Typed Name:_____

Address:_____

City, ST Zip:_____

Phone No. with Area Code:(____)_____-_____

RIDER 1 OF 1
**PREVIOUS PARTICIPATION CERTIFICATION AND
SUBMISSION OF DOCUMENTS PRIOR TO CLOSING**

Previous Participation Certification Requirements

Required within two (2) Federal Government business days of the foreclosure sale date:

(a) The high bidder must file with the Fort Worth HUD office a detailed organizational chart reflecting all principals and their ownership interest in the purchasing entity. The high bidder must also submit completed paper form HUD-2530s, with original signatures, for the purchasing entity and all principals,

Or

(b) The high bidder must file the electronic 2530 submissions and comply with the requirements and time frames specified below.

For First Time Participants: If you or your company are not registered in HUD's Active Partners Performance System (APPS) and/or HUD's Secure Systems, not later than **two (2)** Federal Government business days after verbally notified at the foreclosure sale of being the high Bidder, the Bidder must register in APPS, which allows for the electronic submission of the Previous Participation Certification Form HUD 2530 and Secure Systems as outlined in Section 2 of the Invitation to Bid. Bidder must fax a copy of the Participant Successfully Registered page from the APPS system and a copy of the Multifamily Coordinator and User Registration page from the Secure Systems registration to the Realty Specialist identified in the Property at a Glance to (817) 978-6019.

After receiving a Coordinator/User ID, participant must reenter the APPS system and complete the 2530 application process. Not later than **fifteen (15)** Federal Government business days after verbally notified at the foreclosure sale of being the high Bidder, the high Bidder must fax a copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in the Property at a Glance to (817) 978-6019.

For Participants Registered in APPS and Secure Systems:

Not later than **two (2)** Federal Government business days after verbally notified at the foreclosure sale of being high Bidder, the Bidder must fax a copy of the copy of the Participant Detail page to the Realty Specialist identified in the Property at a Glance to (817) 978-6019.

Required within five (5) Federal Government business days of the foreclosure sale date:

If the property is to be used as rental housing, not later than **five (5)** Federal Government business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must** submit a Written Statement of Experience as required in the Invitation for Bid, Section 4, paragraph 3.

Required within ten (10) Federal Government business days of the foreclosure sale date:

Not later than **ten (10)** Federal Government business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must** submit either completed paper form HUD-2530s (with original signatures) for management of the property **Or** evidence that the Management Agent (IF THE PROPERTY IS TO BE USED AS RENTAL HOUSING) is registered in the APPS system. **If** the election is made to file electronic 2530 submissions, the high Bidder must assure compliance with the requirements and time frames specified below in submission of a complete e2530 package by the management entity selected.

Required within fifteen (15) Federal Government business days of the foreclosure sale date:

Not later than **fifteen (15)** Federal Government business days after verbally notified at the foreclosure sale of being the high Bidder, the high bidder must fax a printed copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in Section 1, Paragraph 10 of the Invitation to (817) 978-6019.

NOTE: Any change in ownership entity will require changes (updating) in the APPS system. Participants (Bidder) must adhere to all APPS registration and submission timeframes. Delays in updating the 2530 application will **not** be grounds for delaying any closing, nor will it be grounds for approving an extension of the closing date.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

Acknowledgement by Bidder

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Purchaser") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to Fairhaven Apartments, HUD Project No. 112-SH009, (the "Project" or the "Property") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a(a), Management and Preservation of HUD-Owned Multifamily Housing Projects, and the Department of Housing and Urban Development regulations thereunder at 24 CFR Part 290, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the property subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this _____ day of _____, 20____, by _____, the Project has been conveyed to the Purchaser; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Purchaser, the parties agree as follows:

1. **TERM OF AGREEMENT** - This Agreement shall be in effect,
☒ twenty years from the date of this Agreement **or** ☐ until _____
2. **CONVEYANCE OF PROJECT – IF PROPERTY USED AS RENTAL HOUSING**
This paragraph ☒ **is** ☐ **is not** applicable for this property if it is to be used as rental housing. During the term of this Agreement, any conveyance of the project, or change in management of the project, must have prior written approval of HUD. Any request for HUD's approval of conveyance and/or the proposed purchaser's/owner's management of the property must include the entity and all principals obtaining 2530 Previous Participation Clearance. Signed Certification of Substantial Compliance (if a conveyance), Agreement to Abide by Use Agreement (if a conveyance), Management Entity Profile (Form HUD-9832), Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD 9839A) or Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD 9839B), or Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only), and information provided in written statements of how the purchaser, or any subsequent purchaser and/or management will:
 - (a) Implement and/or continue to comply with all existing use restrictions;
 - (b) Implement sound financial and physical management program;
 - (c) Respond to the needs of the tenants and work cooperatively with resident organizations;
 - (d) Provide adequate organizational staff and resources to manage the project.Conveyance is defined as any sale, assignment, transfer, leasehold estate, or conveyance of the property or any ownership interest. In addition, a merger, conversion, share exchange, long term leasehold estate, interest exchange of corporate or partnership interest is also considered a transfer/conveyance of the property and require prior written approval from HUD.
The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provide that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction does not constitute or involve the occurrence of a "transfer" or "assignment" of real estate interest or other assets of a constituent party to any such transaction.
3. **SUBJECT TO EXAMINATION – If the property is to be used as rental housing**, the Project shall at all times,
 - (a) Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
 - (b) Maintain full occupancy to the greatest extent possible,At the request of the Secretary, Purchaser must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.
4. **UNIT NUMBER OR USE CHANGE – If the property is used to be as rental housing**, changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, do not require prior approval of HUD.
5. **NON-DISCRIMINATION REQUIREMENTS – If the property is to be used as rental housing**, the Purchaser will comply with the provisions of all Federal, State, or local laws prohibiting discrimination in housing.
6. **HAZARD INSURANCE – If the property is to be used as rental housing**, hazard insurance shall be maintained in an amount to ensure that the Purchaser is able to meet the rental housing requirements described in this Agreement.
7. **DEMOLITION OF PROJECT PROPERTY** - The Purchaser must comply with the provisions as stated in Rider 5, existing hazardous substances-demolition activities.

8. **REMEDIES FOR NONCOMPLIANCE** - Upon any violation of any provision of this Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, addressed to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary, may be designated by the Purchaser as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.
- The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver of the right to exercise that or any other right or remedy at any time.
9. **SUCCESSORS AND ASSIGNS** -This Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Agreement.
10. **RESTRICTIONS** - No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.
11. **CONTRADICTORY AGREEMENTS** - The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Agreement.
12. **SEPARABILITY** - The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
13. **AMENDMENT** - This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
14. **RIDERS TO THE USE AGREEMENT** - The Riders checked and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land.
- | | |
|---|---|
| <input checked="" type="checkbox"/> Lead-Based Paint Hazards | <input checked="" type="checkbox"/> Mold Hazard |
| <input checked="" type="checkbox"/> Asbestos Hazards | <input checked="" type="checkbox"/> Existing hazardous Substances-Demolition Activities |
| <input checked="" type="checkbox"/> Nondiscrimination Against Multifamily Section 8 Certificate and Voucher Holders | |

IN WITNESS WHEREOF:

The Purchaser has executed this Use Agreement in triplicate this _____ day of _____, 20_____.

WITNESS:

PURCHASER:

By: Signature

Typed Name of Purchaser

Street Address

City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement in triplicate this _____ day of _____, 20_____.

WITNESS:

FOR: THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BY: _____

Official's Typed Name

Title

**FURNISHED AS INFORMATION ONLY. INTERESTED PARTIES MUST ASCERTAIN
LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.**

All that certain lot, tract or parcel of land lying and being situated in the City and County of Denton, State of Texas, and being a part of a certain tract of land designated as Tract One in a Warranty Deed from Edwin B. Braly and wife, Iris Braly to Joe W. Nichols and J. L. Ginnings, recorded in Vol. 434, Page 289, of the Deed Records of Denton County, Texas; said land being out of the Joseph Carter 160 acre survey, Abstract No. 268, Denton County, Texas, and being more particularly described as follows:

Beginning at a steel pin driven by an Oak fence corner post on the south side of a gate, and in the West Boundary Line of the Joseph Carter Survey, Abstract No. 268, same being the Northwest corner of the Past mentioned Tract One, and being the Southwest corner of the W. Hurst Addition, also being in the East Boundary Line of the Lee Pools Subdivision;

THENCE North 88 degrees 36 minutes East, 300 feet, to a steel pin in an East and West fence line, for corner; said corner being in the North Boundary Line of the past mentioned Tract One, and being in the South Boundary Line of the W. Hurst Addition;

THENCE South 0 degrees 1 minute 48 seconds West 499.99 feet, to a steel pin for the Southeast corner of tract herein described;

THENCE South 88 degrees 36 minutes West 275 feet to a steel pin in the West Boundary Line of the past mentioned Tract One, same being in the East Boundary Line of Bell Avenue, and in the West Boundary Line of the Joseph Carter Survey, Abstract No. 268;

THENCE North 3 degrees 10 minutes West, along the East Boundary Line of Bell Avenue, and the West Boundary Line of Tract One, 168.94 feet, to a steel pin in the North Boundary Line of Peach Street, said steel pin for corner being the Southeast corner of the Lee Poole Subdivision, and being the West Boundary Line of the Joseph Carter Survey, Abstract No. 268;

THENCE North 2 degrees 40 minutes West along the west Boundary Line of Tract One, same being in old existing fence line, and also being the East Boundary Line of the Lee Poole Subdivision, 331.06 feet to the point of beginning.

RIDER 1 OF 5
LEAD-BASED PAINT HAZARDS

The Use Agreement shall include the following provisions:

1. In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35 (the "Regulations");
 - ☐ Purchaser covenants that the Property will be inspected and tested for lead-based paint, and any hazards will be abated in accordance with the Regulations.
 - ☒ Purchaser covenants that any lead-based paint hazards will be abated in accordance with the Regulations.
Purchaser shall certify to Seller (in a form acceptable to Seller) and Seller shall determine, through inspection (or discretion, the inspection and certification of a local government official) that all lead-based paint hazards have been removed from the Property in accordance with the Regulations
2. Purchaser understands and agrees that Seller's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead-based paint and all potential lead-based paint hazards have been eliminated from the Property and does not relieve Purchaser of its ongoing responsibility for complying with all applicable State and local lead-based paint laws and regulations.
3. Purchaser agrees to indemnify, defend, and hold Seller harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of lead-based paint health hazards, the prohibition against the use of lead-based paint, and Purchaser's responsibility for complying with applicable State and local lead-based paint laws and regulations.
4. If temporary or permanent relocation is necessary because of such abatement, Purchaser covenants that it will comply with paragraphs 5 through 8, below. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Act"), as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Seller. The Purchaser is responsible for ensuring compliance with the Act and regulations thereunder, notwithstanding any contractual obligations with third parties to comply with the Act and regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
5. If temporary relocation is necessary because of such abatement, Purchaser covenants to provide assistance to tenants in locating decent, safe and sanitary housing that, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
6. If permanent relocation is necessary because of such abatement, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing that, to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Seller to be reasonable considering the size of the household and the circumstances surrounding the move.
7. The Purchaser covenants not to increase the rent for any units, from the rent Seller is requiring a tenant to pay on the Closing date, until such unit meets all the abatement requirements set forth in paragraph 1, above. (In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.)
8. Purchaser agrees to comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgement of Disclosure" of 24 CFR – *Lead-Based Paint Poisoning Prevention in Certain Residential Structures*.
9. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Seller, Seller and/or all successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 2 OF 5
ASBESTOS HAZARDS

The Use Agreement shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Purchaser's responsibility for complying with applicable State and local asbestos laws and regulations.
2. Purchaser shall develop and maintain on the site at all times an Operations and Maintenance Plan which will identify areas which involve asbestos hazards and establish work/repair guidelines.
3. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(j), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
4. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
5. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
6. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
7. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

RIDER 3 OF 5
MOLD HAZARDS

The Deed shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of mold health hazards, and Purchaser's responsibility for complying with applicable Environmental Protection Agency's regulations and State and local laws and regulations.
 - (a) Purchaser covenants that the Property will be inspected and tested for mold and mold conditions, and any hazards will be remediated. The purchaser will remediate the mold or mold conditions in accordance with the relevant provisions of the Environmental Protection Agency regulatory standards and guidelines.
 - (b) Purchaser covenants that any mold hazards will be remediated in accordance with applicable federal state, and local laws, regulatory standards and guidelines, including without limitation the Environmental Protection Agency (EPA) Guidelines.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(j), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
3. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
4. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.
5. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

NONDISCRIMINATION AGAINST MULTIFAMILY SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS (Only if used for Rental Housing)

The Use Agreement includes the following provisions:

Nondiscrimination

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Purchaser, any/all successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation (hereinafter referred to as Section 8). This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units that rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

If the Purchaser breaches this provision, HUD and/or one or more third - party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such provision and to enjoin any acts which are in violation of such provision. For the purposes of this provision, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

RIDER 5 OF 5
EXISTING HAZARDOUS SUBSTANCES-DEMOLITION ACTIVITIES

The Use Agreement includes the following provisions for project demolition:

DEMOLITION WHERE LEAD-BASED PAINT IS PRESENT IN PRE-1978 STRUCTURES. The Purchaser agrees to test for lead-based paint prior to demolition and to apply the EPA Toxicity Characteristic Leaching Procedure (TCLP) to those architectural components with leaded paint to determine if they must be disposed of as hazardous waste under the provisions of EPA's Resource Conservation and Recovery Act (RECRA). The latest revision of those EPA regulations, sometimes referred to as the "toxic characteristic (TC) rules", shall be applied to determine if the waste generated will be classified hazardous waste. The latest information on the "TC Rules" is available by contacting EPA, RECRA Section, at (800) 424-9346. The routine application of the "TC rules" could document that the Project will contain no hazardous waste for disposal. The Purchaser agrees to comply with all applicable EPA regulations pertaining to hazardous waste disposal in effect at the time of demolition.

DEMOLITION WHERE ASBESTOS-CONTAINING-MATERIALS (ACMs) ARE PRESENT IN PRE-1983 STRUCTURES. The Purchaser agrees to test for and remove all asbestos containing materials prior to demolition. EPA's Clean Air Act requires that each ACM be removed and disposed of properly before demolition activities commence. Purchaser agrees to comply with all applicable EPA, State and OSHA regulations concerning ACM removal.

DEMOLITION WHERE PCB TRANSFORMERS ARE PRESENT. Where there are visibly obvious electrical transformers serving the project to be demolished, that may contain dielectric oil (which is contaminated with polychlorinated biphenyls), the Purchaser shall contact the local utility. A PCB transformer is any transformer with at least 500 PPM PCB content. Purchaser agrees to notify the local utility of intentions to demolish the structure (s) and request EPA regulations (40 CFR, Part 761) be applied by the utility as electrical transformers are removed from service at the site as a part of the demolition process.

DEMOLITION WHERE CFCs MAY BE PRESENT. Purchaser agrees to apply EPA regulations in Section 608, Clean Air Act, 1990, which require the capturing and recycling of the refrigerant (latest revision). The Purchaser agrees to have chlorofluorocarbons (CFCs) contractually purged and captured from any and all air conditioning (AC) units present on the site before commencing demolition activities.

If Purchaser fails to comply with above, and no extension by written agreement has been granted by the Secretary, the Secretary and his successors in office shall be entitled to:

- (a) Cash Purchaser's LOC(s) and apply the funds to perform or correct such work, or for such purposes as HUD deems appropriate, or
- (b) Request payment or performance under any payment and/or performance bonds described in the Post-Closing Repair [Demolition] Escrow Repair Requirements.

The Secretary will not exercise those remedies if any lender holding a lien or security interest on the Project:

- (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and
- (b) Completes such repairs within 30 days of the notice or within such longer period(s) that HUD may approve in writing.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is part of the Use Agreement.

PURCHASER ____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT ____

ATTACHMENT E

For information only. There has been additional vandalism and theft since this estimate.

Existing Conditions/Repair Estimate

U. S. Department of Housing and Urban Development

Office of Housing – Federal Housing Commissioner

Project Name	Project Number	Location
Fairhaven Apartments	112-SH009	Denton, Texas

THIS ESTABLISHES THE EXISTING CONDITIONS OF THE PROPERTY AND DOES NOT CONSTITUTE THE REQUIREMENTS FOR REDEVELOPMENT OF THE SITE. THIS IS FURNISHED AS INFORMATION ONLY.

PURCHASER IS RESPONSIBLE FOR THE REDEVELOPMENT OF THE PROPERTY WHICH WILL ENSURE THAT THE PROPERTY IS IN COMPLIANCE WITH:

☒ Applicable State and local Codes ☒ Physical Condition Standards (set forth in 24 CFR Part 5)

HUD will monitor to ensure compliance. Redevelopment shall be considered complete only after: (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD, and (3) HUD verifies in writing completion and compliance with the requirements stated in Riders 2, 3 and 4 attached hereto.

The repairs listed herein represent an estimate of the property's repair needs. These repairs do not represent all repairs needed to satisfy HUD's redevelopment requirements and/or requirement other than HUD's. HUD does not warrant that the list is either comprehensive or sufficient. The Purchaser accepts responsibility for: (1) developing independent redevelopment cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

Item	Mandatory	Estimated Cost	Item	Mandatory	Estimated Cost		
Repairs to Residential Structures (including commercial areas)							
1	Concrete	<input type="checkbox"/>	40,000	17	Wood Flooring	<input type="checkbox"/>	
2	Masonry	<input type="checkbox"/>	2,000	18	Resilient Flooring	<input type="checkbox"/>	5,317
3	Metals	<input type="checkbox"/>		19	Painting and Decorating	<input type="checkbox"/>	66,869
4	Rough Carpentry	<input type="checkbox"/>	6,006	20	Specialties	<input type="checkbox"/>	300
5	Finish Carpentry	<input type="checkbox"/>	4,734	21	Special Equipment	<input type="checkbox"/>	
6	Waterproofing	<input type="checkbox"/>	1,986	22	Cabinets	<input type="checkbox"/>	480
7	Insulation	<input type="checkbox"/>		23	Appliances	<input type="checkbox"/>	
8	Roofing	<input type="checkbox"/>	104,426	24	Blinds and Shades	<input type="checkbox"/>	1,330
9	Sheet Metal	<input type="checkbox"/>	9,617	25	Carpets	<input type="checkbox"/>	15,355
10	Doors	<input type="checkbox"/>	8,576	26	Special Construction	<input type="checkbox"/>	2,457
11	Windows	<input type="checkbox"/>	460	27	Elevators	<input type="checkbox"/>	
12	Glass	<input type="checkbox"/>	195	28	Plumbing and Hot Water	<input type="checkbox"/>	44,846
13	Lath and Plaster	<input type="checkbox"/>	1,440	29	Heat and Ventilation	<input type="checkbox"/>	51,276
14	Drywall	<input type="checkbox"/>		30	Air Conditioning	<input type="checkbox"/>	26,600
15	Tile Work	<input type="checkbox"/>	544	31	Electrical	<input type="checkbox"/>	36,939
16	Acoustical	<input type="checkbox"/>		Residential Structures Subtotal			431,753
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)							
32	Accessory Structure	<input type="checkbox"/>		34		<input type="checkbox"/>	
33		<input type="checkbox"/>		Accessory Structures Subtotal			
Site Work							
35	Termite/Rodent	<input type="checkbox"/>	500	39	Lawns and Plantings	<input type="checkbox"/>	6,500
36	Site Work	<input type="checkbox"/>	550	40	Unusual Site Conditions	<input type="checkbox"/>	1,400
37	Roads and Walks	<input type="checkbox"/>		41		<input type="checkbox"/>	
38	Site Improvements	<input type="checkbox"/>		Site Work Subtotal			13,809
Environmental Mitigation							
42	O&M Plan	<input type="checkbox"/>	3,000	44		<input type="checkbox"/>	
43		<input type="checkbox"/>		Environmental Mitigation Subtotal			

Totals

Units not inspected:	
Estimated Total Hard Cost	448,604
Contingency = Hard Cost X =	44,860
Overhead/General Requirements = Hard Cost X =	
Estimated Total Repair Cost	493,464

Previous edition is obsolete

form HUD-9552 (5/93)